

**REPORT OF THE AUDIT OF THE  
WAYNE COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2001**



**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**  
[www.kyauditor.net](http://www.kyauditor.net)

144 CAPITOL ANNEX  
FRANKFORT, KY 40601  
TELEPHONE (502) 564-5841  
FACSIMILE (502) 564-2912



## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE WAYNE COUNTY FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2001**

The Auditor of Public Accounts has completed the Wayne County Fiscal Court audit for fiscal year ended June 30, 2001. We have issued a qualified opinion on the financial statements taken as a whole. The Wayne County Airport Board did not prepare a year-end financial statement. Furthermore, the Wayne County Airport Board did not maintain receipts or disbursements ledgers as required by the uniform system of accounts. We have not included the financial transactions of the Wayne County Airport Board in our audit.

Except for the possible effect on the financial statements of the matters described above, the financial statements are presented fairly in all material respects.

#### **Financial Condition:**

Cash balances decreased by \$1,705,280 from the beginning of the year, resulting in a cash surplus of \$934,309 as of June 30, 2001.

#### **Debt Obligations:**

Total bonded debt principal as of June 30, 2001, was \$4,665,000. Future collections of \$8,054,653 are needed over the next 25 years to pay all bonded debt principal and interest.

Capital lease principal agreements totaled \$66,000 as of June 30, 2001. Future principal and interest payments of \$76,469 are needed to meet these obligations.

#### **Report Comment:**

- The Wayne County Airport Board Should Maintain Proper Records

#### **Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities or bonds.



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**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Ernie Fletcher, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Debra Eucker, Commissioner, Department of Law, Revenue Cabinet

Honorable Bruce Ramsey, Wayne County Judge/Executive

Members of the Wayne County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and equity arising from cash transactions of Wayne County, Kentucky, as of June 30, 2001, the statement of cash receipts, cash disbursements, and changes in cash balances, and the related statement of cash flows for the year then ended. These financial statements are the responsibility of the Wayne County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as described in the fourth paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Wayne County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The Wayne County Airport Board (the Board) is a component unit of the Wayne County Fiscal Court and the Board's financial activity should be blended with that of the Wayne County Fiscal Court. However, the Board did not prepare a year-end financial statement and did not maintain receipts or disbursements ledgers as required by the uniform system of accounts established by the Department for Local Government. Therefore, we have not included the financial transactions of the Wayne County Airport Board in our audit.



To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Gordon C. Duke, Secretary  
Finance and Administration Cabinet  
Debra Eucker, Commissioner, Department of Law, Revenue Cabinet  
Honorable Bruce Ramsey, Wayne County Judge/Executive  
Members of the Wayne County Fiscal Court

In our opinion, except for the possible effect on the financial statements of the matters described above, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity arising primarily from cash transactions as of June 30, 2001, of Wayne County, Kentucky, and the revenues received and expenditures paid, and the cash flows of its enterprise fund for the year then ended, in conformity with the modified cash basis of accounting.

In accordance with Government Auditing Standards, we have also issued our report dated August 20, 2003, on our consideration of Wayne County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Wayne County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying comment and recommendation, included herein, which discusses the following report comment:

- The Wayne County Airport Board Should Maintain Proper Records

Respectfully submitted,



Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
August 20, 2003



WAYNE COUNTY OFFICIALS

For The Fiscal Year Ended June 30, 2001

**Fiscal Court Members:**

Bruce Ramsey	County Judge/Executive
Jerry Sloan	Magistrate
Dwight Dobbs	Magistrate
Ricky Worley	Magistrate
Wade Upchurch	Magistrate

**Other Elected Officials:**

Vernon Miniard, Jr.	County Attorney
Jerry Guinn	Jailer
Carol Jones	County Clerk
Richard Morrow	Circuit Court Clerk
James L. Hill	Sheriff
Martha Bowlin-Tapley	Property Valuation Administrator
Marvin Hicks	Coroner

**Appointed Personnel:**

Barbara Gehring	County Treasurer
Peggy Edwards	Deputy County Judge/Executive



STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS

WAYNE COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS

June 30, 2001

	Governmental Fund Type			Proprietary Fund Type
	General	Special Revenue	Capital Projects	Enterprise
<u>Assets and Other Resources</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 377,355	\$ 15,895	\$ 181,157	\$ 10,416
Investments			350,946	
Total Assets	<u>\$ 377,355</u>	<u>\$ 15,895</u>	<u>\$ 532,103</u>	<u>\$ 10,416</u>
<u>Other Resources</u>				
Amounts to Be Provided in Future Years for:				
Capital Lease	\$ 66,000	\$	\$	\$
Bond Payments			4,132,897	
Total Other Resources	<u>\$ 66,000</u>	<u>\$ 0</u>	<u>\$ 4,132,897</u>	<u>\$ 0</u>
Total Assets and Other Resources	<u><u>\$ 443,355</u></u>	<u><u>\$ 15,895</u></u>	<u><u>\$ 4,665,000</u></u>	<u><u>\$ 10,416</u></u>

The accompanying notes are an integral part of the financial statements.

WAYNE COUNTY  
STATEMENT OF ASSETS, LIABILITIES, AND EQUITY  
ARISING FROM CASH TRANSACTIONS  
June 30, 2001  
(Continued)

Totals  
(Memorandum Only)

\$ 584,823  
350,946

\$ 935,769

66,000  
4,132,897

\$ 4,198,897

\$ 5,134,666

The accompanying notes are an integral part of the financial statements.

WAYNE COUNTY  
STATEMENT OF ASSETS, LIABILITIES, AND EQUITY  
ARISING FROM CASH TRANSACTIONS  
June 30, 2001  
(Continued)

	Governmental Fund Type			Proprietary Fund Type
	General	Special Revenue	Capital Projects	Enterprise
<u>Liabilities and Equity</u>				
<u>Liabilities</u>				
Bonds:				
First Mortgage Revenue Bonds (Note 4)	\$	\$	\$ 4,665,000	\$
Capital Lease (Note 5)	66,000			
Payroll Liabilities	1,460			
Total Liabilities	\$ 67,460	\$ 0	\$ 4,665,000	\$ 0
<u>Equity</u>				
Retained Earnings	\$	\$	\$	\$ 10,416
Fund Balances:				
Reserved		15,895		
Unreserved	375,895			
Total Equity	\$ 375,895	\$ 15,895	\$ 0	\$ 10,416
Total Liabilities and Equity	\$ 443,355	\$ 15,895	\$ 4,665,000	\$ 10,416

The accompanying notes are an integral part of the financial statements.

WAYNE COUNTY  
STATEMENT OF ASSETS, LIABILITIES, AND EQUITY  
ARISING FROM CASH TRANSACTIONS  
June 30, 2001  
(Continued)

Totals  
(Memorandum Only)

\$	4,665,000
	66,000
	<u>1,460</u>

\$	<u>4,732,460</u>
----	------------------

\$	10,416
	15,895
	<u>375,895</u>

\$	<u>402,206</u>
----	----------------

\$	<u><u>5,134,666</u></u>
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The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

WAYNE COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

For The Fiscal Year Ended June 30, 2001

	General Fund Type			
	General Fund	Road and Bridge Fund	Jail Fund	Local Government Economic Assistance Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 1,568,746	\$ 1,150,391	\$ 497,085	\$ 23,342
Other Financing Sources:				
Receipts - Jail Canteen				
Transfers In			77,000	3,700
Total Cash Receipts	<u>\$ 1,568,746</u>	<u>\$ 1,150,391</u>	<u>\$ 574,085</u>	<u>\$ 27,042</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 1,357,939	\$ 1,099,645	\$ 571,706	\$ 22,600
Other Financing Uses:				
Expenditures - Jail Canteen				
Schedule of Public Properties				
Corporation Expenditures				
Transfers Out	108,528			
Bond Interest Paid				
Capital Lease Principal	9,000			
Total Cash Disbursements	<u>\$ 1,475,467</u>	<u>\$ 1,099,645</u>	<u>\$ 571,706</u>	<u>\$ 22,600</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 93,279	\$ 50,746	\$ 2,379	\$ 4,442
Cash Balance - July 1, 2000	<u>148,879</u>	<u>27,666</u>	<u>47,942</u>	<u>92</u>
Cash Balance - June 30, 2001*	<u><u>\$ 242,158</u></u>	<u><u>\$ 78,412</u></u>	<u><u>\$ 50,321</u></u>	<u><u>\$ 4,534</u></u>

\* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

WAYNE COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 For The Fiscal Year Ended June 30, 2001  
 (Continued)

<u>General Fund Type</u>	<u>Special Revenue Fund Type</u>	<u>Capital Projects Fund Type</u>	<u>Enterprise Fund Type</u>		
<u>Emergency Management Fund</u>	<u>Timberland Fund</u>	<u>Homebuyer Program Fund</u>	<u>Detention Facility Project Fund</u>	<u>Jail Canteen Fund</u>	<u>Totals (Memorandum Only)</u>
\$ 3,807	\$ 4,816	\$ 60,086	\$ 78,541	\$	\$ 3,386,814
				85,553	85,553
2,828		25,000			108,528
<u>\$ 6,635</u>	<u>\$ 4,816</u>	<u>\$ 85,086</u>	<u>\$ 78,541</u>	<u>\$ 85,553</u>	<u>\$ 3,580,895</u>
\$ 7,386	\$ 3,889	\$ 74,977	\$	\$	\$ 3,138,142
				78,534	78,534
			1,698,666		1,698,666
					108,528
			253,305		253,305
					9,000
<u>\$ 7,386</u>	<u>\$ 3,889</u>	<u>\$ 74,977</u>	<u>\$ 1,951,971</u>	<u>\$ 78,534</u>	<u>\$ 5,286,175</u>
\$ (751)	\$ 927	\$ 10,109	\$ (1,873,430)	\$ 7,019	\$ (1,705,280)
1,221	4,859		2,405,533	3,397	2,639,589
			**		
<u>\$ 470</u>	<u>\$ 5,786</u>	<u>\$ 10,109</u>	<u>\$ 532,103</u>	<u>\$ 10,416</u>	<u>\$ 934,309</u>

\*\* The prior year balance does not agree to the prior year audit due to a misstatement in the prior year.

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH  
FLows-PROPRIETARY FUND TYPE



WAYNE COUNTY  
STATEMENT OF CASH  
FLOWS-PROPRIETARY FUND TYPE

For The Fiscal Year Ended June 30, 2001

	<u>Enterprise Fund</u>
	<u>Jail Canteen</u>
Cash Flows From Operating Activities:	
Cash Receipts	\$ 85,553
Operating Disbursements	<u>(78,534)</u>
Net Cash Provided By Operating Activities	<u>\$ 7,019</u>
Net Increase in Cash	\$ 7,019
Cash and Cash Equivalents - Beginning	<u>3,397</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 10,416</u></u>

The accompanying notes are an integral part of the financial statements.

WAYNE COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 2001

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Wayne County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Public Properties Corporation and the Wayne County Airport Board as part of the reporting entity.

The Public Properties Corporation (the Corporation) is a legally separate entity established to provide long-term debt service for the Fiscal Court. The Corporation's governing body consists entirely of Fiscal Court members. Therefore, management must include the Corporation as a component unit and the Corporation's financial activity has been blended with that of the Fiscal Court.

The Wayne County Airport Board (the Board) was established to oversee the operations of the Wayne County Airport. The Board does not have separate corporate powers from those of the Fiscal Court. Therefore, management must include the Board as a component unit and the Board's financial activity should be blended with that of the Fiscal Court. However, the Wayne County Airport Board did not prepare a year-end financial statement. Furthermore, the Wayne County Airport Board did not maintain receipts or disbursements ledgers as required by the uniform system of accounts established by the Department for Local Government. Therefore, we have not included the financial transactions of the Wayne County Airport Board in our audit.

Additional - Wayne County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Wayne County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.



WAYNE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2001  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Wayne County Fiscal Court's fund types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Wayne County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund, and the Emergency Management Fund. In the prior year there was an Insurance Premium Tax Fund in the General Fund Type which is now budgeted in the General Fund.

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Wayne County Special Revenue Fund Type includes the following county funds: Timberland Fund, Homebuyer Program Fund, and HUD Disaster Recovery Initiative Fund. Wayne County includes the HUD Disaster Recovery Initiative Fund in its budget. However, there was no financial activity in that fund during the fiscal year.

3) Capital Projects Fund Type

Capital Projects Fund Type accounts for financial resources to be used for acquisition of major capital facilities. The Detention Facility Project Fund of the Public Properties Corporation is reported as a Capital Projects Fund Type.

4) Enterprise Fund Type

The Enterprise Fund Type is used to report an activity for which a fee is charged to external users for goods or services. The Wayne County Proprietary Fund Type includes the Jail Canteen Fund, which is maintained by the county jailer.

The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund. Technical Audit Bulletin 93-002 provides additional accounting and expenditure guidance for acceptable jail canteen operations. All profit expenditures were for the benefit and/or recreation of the inmates.

WAYNE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Long-term receivables, long-term obligations and amounts to be provided in future years to retire debt are recorded in the financial statements. The amount to be provided in future years to retire debt is offset by any cash or cash equivalents held by the county in a bond or debt service fund.

The State Local Finance Officer does not require the county to maintain a general fixed assets group of accounts; therefore the value of the county's fixed assets are not included in the financial statements. These fixed assets include buildings, equipment and land that are owned by the county.

D. Legal Compliance - Budget

The Wayne County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Detention Facility Project Fund of the Public Properties Corporation because bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers are budgeted in the General Fund Type to comply with these requirements. The Department for Local Government does not require this fund to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

WAYNE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2001, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

WAYNE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)

Note 4. Long-Term Debt

On November 10, 1999, the Public Properties Corporation issued \$4,665,000 of First Mortgage Revenue Bonds, Series 1999, for the construction of the Wayne County Detention Facility. The bonds have various interest rates from 4.75% to 5.70%. Interest is payable each May 1 and November 1, commencing May 1, 2000. Principal is payable each November 1, commencing November 1, 2001. Revenue bonds outstanding at June 30, 2001, were \$4,665,000. Future debt service requirements are:

Fiscal Year Ended June 30	Scheduled Interest	Scheduled Principal
2002	\$ 250,930	\$ 100,000
2003	246,180	100,000
2004	241,311	105,000
2005	235,943	115,000
2006	230,068	120,000
2007-2011	1,053,981	670,000
2012-2016	856,675	855,000
2017-2021	585,749	1,115,000
2022-2026	220,919	1,485,000
Totals	<u>\$ 3,921,756</u>	<u>\$ 4,665,000</u>

Note 5. Capital Lease

On June 27, 1997, the Wayne County Fiscal Court entered into a \$100,000 lease agreement with the Kentucky Association of Counties Leasing Trust Program for the acquisition of voting machines. Terms of the agreement stipulate a ten-year repayment schedule, with variable monthly interest payments and variable annual principal payments ending on January 20, 2007. As of June 30, 2001, the principal balance remaining was \$66,000. Future lease payments are:

Fiscal Year Ended June 30	Scheduled Interest	Scheduled Principal
2002	\$ 3,061	\$ 10,000
2003	2,566	10,000
2004	2,050	11,000
2005	1,506	11,000
2006	940	12,000
2007	346	12,000
Totals	<u>\$ 10,469</u>	<u>\$ 66,000</u>

WAYNE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)

Note 6. Insurance

For the fiscal year ended June 30, 2001, Wayne County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

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COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE





WAYNE COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

For The Fiscal Year Ended June 30, 2001

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 1,565,769	\$ 1,568,746	\$ 2,977
Road and Bridge Fund	1,143,410	1,150,391	6,981
Jail Fund	483,330	497,085	13,755
Local Government Economic Assistance Fund	18,000	23,342	5,342
Emergency Management Fund	4,429	3,807	(622)
<u>Special Revenue Fund Type</u>			
Timberland Fund	5,000	4,816	(184)
Homebuyer Program Fund	314,979	60,086	(254,893)
HUD Disaster Recovery Initiative Fund	156,000		(156,000)
<u>Capital Projects Fund Type</u>			
Detention Facility Project Fund		78,541	78,541
Totals	<u>\$ 3,690,917</u>	<u>\$ 3,386,814</u>	<u>\$ (304,103)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above		\$ 3,690,917	
Add: Budgeted Prior Year Surplus		231,088	
Less: Other Financing Uses		<u>(9,000)</u>	
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures		<u>\$ 3,913,005</u>	

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SCHEDULE OF OPERATING REVENUE



WAYNE COUNTY  
SCHEDULE OF OPERATING REVENUE

For The Fiscal Year Ended June 30, 2001

Revenue Categories	<u>GOVERNMENTAL FUND TYPE</u>			
	Totals (Memorandum Only)	General Fund Type	Special Revenue Fund Type	Capital Projects Fund Type
Taxes	\$ 840,463	\$ 835,647	\$ 4,816	\$
In Lieu Tax Payments	152,848	152,848		
Excess Fees	126,596	126,596		
Licenses and Permits	28,153	28,153		
Intergovernmental Revenues	2,057,016	1,997,020	59,996	
Charges for Services	31,565	31,565		
Miscellaneous Revenues	53,642	53,642		
Interest Earned	96,531	17,900	90	78,541
Total Operating Revenue	<u>\$ 3,386,814</u>	<u>\$ 3,243,371</u>	<u>\$ 64,902</u>	<u>\$ 78,541</u>

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COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES





WAYNE COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2001

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 603,877	\$ 587,737	\$ 16,140
Protection to Persons and Property	892,584	720,955	171,629
General Health and Sanitation	149,235	143,767	5,468
Social Services	37,548	36,017	1,531
Recreation and Culture	35,460	35,460	
Transportation Facilities and Services	5,249	4,520	729
Roads	1,079,348	1,011,886	67,462
Airports	11,635	11,582	53
Debt Service	3,546	3,546	
Capital Projects	32,922	5,773	27,149
Administration	541,809	498,033	43,776
Total Operating Budget - General Fund Type	\$ 3,393,213	\$ 3,059,276	\$ 333,937
Other Financing Uses:			
Capital Lease Agreement-			
Principal on Lease	9,000	9,000	
TOTAL BUDGET - GENERAL FUND TYPE	<u>\$ 3,402,213</u>	<u>\$ 3,068,276</u>	<u>\$ 333,937</u>

WAYNE COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 For The Fiscal Year Ended June 30, 2001  
 (Continued)

Expenditure Categories	SPECIAL REVENUE FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
Protection to Persons and Property	\$ 5,000	\$ 3,865	\$ 1,135
Social Services	463,480	74,968	388,512
Administration	51,312	33	51,279
TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	<u>\$ 519,792</u>	<u>\$ 78,866</u>	<u>\$ 440,926</u>

SCHEDULE OF PUBLIC PROPERTIES CORPORATION FUND EXPENDITURES



WAYNE COUNTY  
SCHEDULE OF PUBLIC PROPERTIES CORPORATION FUND EXPENDITURES

For The Fiscal Year Ended June 30, 2001

<u>Expenditure Items</u>	<u>Detention Facility Project Fund</u>
Administrative Fees	\$ 2,500
Construction	1,486,054
Equipment	153,317
Professional Services	18,921
Supplies	10,087
Utilities	<u>27,787</u>
Total	<u>\$ 1,698,666</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Ernie Fletcher, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Debra Eucker, Commissioner, Department of Law, Revenue Cabinet

Honorable Bruce Ramsey, Wayne County Judge/Executive

Members of the Wayne County Fiscal Court

**Report On Compliance And On Internal Control**  
**Over Financial Reporting Based On An Audit Of Financial**  
**Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of Wayne County, Kentucky, as of and for the year ended June 30, 2001, and have issued our report thereon dated August 20, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Wayne County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying comment and recommendation.

- The Wayne County Airport Board Should Maintain Proper Records

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wayne County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.



Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
August 20, 2003

COMMENT AND RECOMMENDATION



WAYNE COUNTY  
COMMENT AND RECOMMENDATION

For The Fiscal Year Ended June 30, 2001

NONCOMPLIANCE

The Wayne County Airport Board Should Maintain Proper Records

The Wayne County Airport Board (the Board) was established to oversee the operations of the Wayne County Airport. The Board does not have separate corporate powers from those of the Fiscal Court. Therefore, management must include the Board as a component unit and the Board's financial activity should be blended with that of the Fiscal Court. However, the Board did not prepare a year-end financial statement or maintain receipts or disbursements ledgers as required by the uniform system of accounts established by the Department for Local Government. Therefore, we have not included the financial transactions of the Wayne County Airport Board in our audit. We recommend the Wayne County Airport Board maintain all records required by the uniform system of accounts and prepare year-end financial statements.

*County Judge/Executive Bruce Ramsey's Response:*

*There has been a transition of Treasurers. They have assured they will do better.*

REPORTABLE CONDITIONS

None.

PRIOR YEAR FINDINGS

None.

CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

WAYNE COUNTY FISCAL COURT

For The Fiscal Year Ended  
June 30, 2001

**CERTIFICATION OF COMPLIANCE**

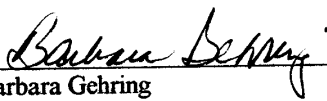
**LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**WAYNE COUNTY FISCAL COURT**

**For The Fiscal Year Ended June 30, 2001**

The Wayne County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
\_\_\_\_\_  
Bruce Ramsey  
Wayne County Judge/Executive

  
\_\_\_\_\_  
Barbara Gehring  
Wayne County Treasurer